

## Frequently Asked Questions Regarding BUF

### **1. How will you evaluate public entities**

We expect that the entity will establish a separate enterprise accounting system for the venture. We will look at the viability of the venture as a stand-alone entity in addition to looking at the overall financial health of the public entity. We want to make sure that the jobs will be long-term jobs, so we want the venture to be successful as a separate endeavor.

### **2. Have there been any changes to the feedstock assessment?**

We have not made any changes to the feedstock assessment since it was finalized in early 2019. The information in that report provides a general overview of pricing and availability of feedstock.

### **3. Will the program coordinate between potential collaborators?**

Not directly. If applicants/potential applicants are interested in identifying cooperative relationships you can send us contact information, and we will post it as a part of this FAQ process.

Cole Przybyla [cprzybyla@co.tuolumne.ca.us](mailto:cprzybyla@co.tuolumne.ca.us), Tuolumne County Director of Innovation and Business Assistance, can assist ventures looking for partners and potential sites in the county.

Dan McDonald, at Community Vision, [dmcdonald@communityvisionca.org](mailto:dmcdonald@communityvisionca.org), has been providing technical financial assistance to biomass businesses in the Sierra for several years and is quite familiar with various opportunities that are being discussed.

The Sierra Institute for Community and Environment is also willing to provide technical support to applicants and assist potential applicants in identifying cooperative relationships. Applicants can contact Austin Schuver [aschuver@sierrainstitute.us](mailto:aschuver@sierrainstitute.us) or Zoe Watson [zwatson@sierrainstitute.us](mailto:zwatson@sierrainstitute.us) for more information.

### **4. Will you work with all applicants on Environmental and Jobs issues?**

All substantially complete applications that meet the threshold criteria and are submitted by June 12 will receive assistance with environmental clearances and will be referred to Mother Lode Job Training to refine their employment plans and assist in meeting the hiring requirements of the program.

### **5. It says in the doc that RCAC will qualify the app through its small biz loan product before considering BUF financing. If a public entity or tribe applies what would you try to qualify them under first? Or would they just go right to BUF financing consideration?**

All applicants will be evaluated for their ability to support other debt. BUF funding is gap financing designed to complement other funding sources. If the venture is not capable of supporting 100% of their financing needs through conventional or RCAC sources, then they will be eligible to use BUF funds to complete their financing needs. RCAC has small business loan products as well as community facility loans for non-profit or public entities that are available to applicants if they do not have other financial backing.

**6. Will the program consider making forgivable loans and grants?**

Our first priority is to use the funds to create economic opportunity and employment opportunity for low and moderate income individuals in Tuolumne County. All of the funds initially have to be deployed in Tuolumne County. If high benefit projects require forgivable debt, or grants, they can be considered, but the project will have to demonstrate that forgiveness would not result in undue enrichment. Our second priority is to create a revolving fund that can be used to spur economic opportunity more broadly in the Sierra, but we can only revolve what is first spent in Tuolumne County. If using the money in Tuolumne requires some debt forgiveness we are prepared to do that.

**7. Are there other subsidies that can be secured to support financing for new enterprises?**

There are several sources of tax credits that we think BUF applicants may also consider as they work to put together their financing strategy. There are two Opportunity Zone census tracts in Tuolumne County, and the availability of capital gains deferrals and forgiveness could bring significant investments to projects that can be structured to provide long-term capital gains. In addition there are a number of economically distressed census tracts which are eligible for New Markets Tax Credits. New Markets investments are usually structured as low interest, non-amortizing debt for seven years when a portion of the debt is forgiven and the remainder must be refinanced. A 10% federal Investment Tax Credit (ITC) is available for Combined Heat and Power “cogeneration” projects utilizing biomass.

The State of California offers the “California Competes Tax Credit” program for businesses that want to locate to California or stay and grow their businesses here. The competitive tax credit is evaluated for: number and quality of jobs created, level of investment, and the strategic importance to the state or region.